BACKGROUND INFORMATION

PRE-BUDGET CONSULTATIONS

HONOURABLE VIC SCHROEDER
MINISTER OF FINANCE

FEBRUARY, 1984

interest rate relief programs. That was a major and significant achievement. We also provided major support to the credit union movement thereby further invigorating and strengthening this important sector.

Our Homes in Manitoba Program involved fixed term, reasonable interest rate mortgages to homebuyers as well as supplemental grants to moderate income Manitobans to make housing affordable and encourage people to proceed with home purchases that would not have been possible at prevailing market rates. That program contributed to housing starts in 1983 being triple the number recorded in 1982 and the highest level in five years. It also meant substantial additional construction job opportunities. The success of that program was further underscored by the comment of the Manitoba Homebuilders' Association that, in their view, ours was the best program in Canada. The recently announced Affordable New Homes Program should help sustain the performance of the housing sector of the Manitoba economy.

Our $200 million Jobs Fund initiative in 1983/84 represented about double the authority provided for job creation in 1982/83, and brought together all employment creation activities of the Province to assure maximum coordination and effectiveness, including coordination with activities of the federal government. In addition to the provincial commitment, the Jobs Fund provided a mechanism for the participation of other levels of government, the private sector and community organizations in Manitoba who have committed a further $138 million to the Province's job creation efforts.

By mid-January, some 18,433 Manitobans had worked in the broad range of activities in the public, private and non-profit sectors created through the Jobs Fund. Included were investments in community infrastructure and in public assets which will provide lasting benefits to the people and economy of the Province. Also included were short-term wage assistance measures which helped create a significant number of jobs. In short, the Jobs Fund initiative has succeeded in enhancing job opportunities and the productive base of our Province.

Early in 1983, our Government presented a list of capital projects to the federal government as a concrete part of the national recovery program proposed by Manitoba. While some commentators suggested that such

projects were only wishful thinking and that the federal government would not participate, many of them are underway and more have been approved in principle.

Projects underway include the $43 million National Research Council Institute for Manufacturing Science and Production Technology, the $40 million Manfor modernization, the $8 million South Winnipeg Vocational School, the $7.1 million accelerated expansion of the University of Winnipeg Athletic Centre, the $6 million University of Brandon Music Building, the $5.6 million expansion of the Red River Community College Auto/Diesel Shop, the $4 million Adolescent Psychiatric Unit, the $3.5 million Hecla Island Hotel expansion and over $25 million in other projects. These projects are not only providing immediate jobs for numerous Manitobans in the planning and construction phases, but they also represent lasting investment for the future.

In addition, other major projects have been approved in principle and should get underway in the coming year with more job opportunities for our workers and further investment for the future. These include demonstration of trolley bus technology as part of a plan to establish Winnipeg as a world class centre for an advanced urban bus industry; improved rail line and rolling stock for the Port of Churchill; research, development and possible manufacture of lightweight rail cars, within a planned $275 million transportation initiative; and other projects involving more than $65 million of federal and provincial funds under the new Canada-Manitoba Economic and Regional Development Agreement and related subsidiary agreements. Up to now, a total of some $340 million has been committed under these agreements for the next five years and further commitments are expected in the near future.

The actions and initiatives taken in our first two Budgets reflect fully our view that in the recessionary times our Province faced in the last two years, responsible budgetary policy required supportive and cushioning measures to help the economy and that we must continue our emphasis on economic development initiatives.

At the same time, we recognize that as the economy improves, adherence to the same principle of responsible budgetary management requires that greater attention be paid to containing and reducing deficits from the high levels necessary to combat the recession.

Those commentators who continue to have doubts about the positive effects deficits can have on the economy in recessionary times may find the recent comments of Dr. Albert Wojnilower, Managing Director of the First Boston Corporation illuminating. Dr. Wojnilower said:

> "Government deficits may well promote rather than deter investment. The government may borrow to finance its own investment outlays. It may borrow to finance grants-in-aid that are earmarked for state and local investment outlays. It borrows to finance the investment tax credits, accelerated depreciation allowances, and other subsidies that support private investment. Would narrowing the budget deficit by the abolition of these tax incentives promote private capital spending? It is hard to visualize realistic circumstances in which a larger deficit would not be associated with larger profits and investment than if the deficit were smaller."

The Economic Situation and Outlook

In 1983, the Canadian economy rebounded sharply from the deep recession of 1981 and 1982. Strong growth in consumer spending led the recovery as lower interest rates, declining inflation and better employment prospects contributed to increased consumer confidence. Overall real Gross National Expenditure is expected to have increased about 3% in 1983. Employment growth was rapid throughout the year with the unemployment rate declining from 12.8% at the end of 1982 to 11.1% in December of 1983. Inflation fell rapidly from above 9% at the end of 1982 to under 5% in the fourth quarter of 1983. Prime lending rates have remained stable since last April. However, as inflation declined, real interest rates increased and remain a concern.

For 1984, the consensus view among forecasters is for real growth of about 4 1/2% with further increases in employment and rising real incomes. Unemployment is, however, expected to remain at unacceptably high levels. While improvement in business spending for machinery and equipment investment is already evident, recovery and expansion in non-residential construction activity is generally not anticipated before 1985.

In the late 1970's, prior to the national recession, Manitoba had experienced a number of years of weaker economic performance than the Canadian economy with the result that the Province had significantly lower growth in employment and investment and a loss in population. Although the recession in 1981 and 1982 affected Manitoba along with other parts of Canada, both the structure of the Provincial economy and the supportive policies implemented by our Government during the recession resulted in a smaller decline in activity in Manitoba. The Province also experienced recovery in 1983 and on the whole, in the past two years, the Province fared relatively better than most provinces and was among the first to regain the employment losses experienced during the recession.

In the two years since November, 1981, the provincial economy has outpaced the relative performance of the 1979-1981 period. Since 1981:

- Manitoba's real Gross Domestic Product has regained its mid-1981 level while that of the national economy remains approximately 1.5% lower;

- growth in retail sales averaged 7.3% annually, about one-third higher than the 5.4% national average;

- annual growth in housing starts exceeded 40% which increased Manitoba's share of national housing starts from 1.6% in 1981 to 3.6% in 1983;

- annual growth in employment averaged nearly 1% compared with a national decline of 0.1%;

- some 9,000 additional jobs were created in Manitoba since the end of 1981, approximately triple the number created in the 1979-81 period;

- annual growth in employment income averaged 7.4%, significantly better than the 6.1% national increase, largely as a result of our better employment record;

- private capital investment began to improve in 1983 while further declines were projected for Canada. Initial indications for 1984 suggest

that Manitoba will be one of only two provinces to record increases in investment spending by major firms.

For 1984, most forecasters are projecting sustained growth for our Province with continued expansion in employment and some reduction in unemployment rates. On balance, it appears that real growth will be in the order of 3% to 4%, or fairly close to the national average. Compared with pre-recession levels of output and employment, Manitoba is expected to continue to outperform many other parts of Canada.

Fiscal Situation

The success with which our Province weathered the severe recession is a tribute to the basic confidence and initiative of Manitobans aided significantly by our supportive policies.

It is unfortunate that some commentators chose to focus only on the resulting deficit projections, apparently forgetting the essential economic purposes those deficits were incurred to achieve, and which they did help to achieve.

Last year, our Budget forecast revenue of $2,747.8 million, expenditure of $3,326.7 million, a deficit for current operations of $294.3 million* and total budgetary requirements of $578.9 million.

At the time, there were assertions that those estimates were wrong. It was suggested that revenue was seriously over-estimated, expenditure significantly under-estimated and that the total combined deficit was likely to be at least $700 million and that a deficit of $800 million was a "distinct possibility."

At the time, I indicated that the forecasts were based on a realistic assessment of revenue prospects and spending requirements. The quality of those forecasts was vividly demonstrated in the Second Quarter

*This differs from the $274.7 million current operating deficit referred to in the 1983 Manitoba Budget as a result of changes in the allocation of spending between current and capital as recommended by the Provincial Auditor and discussed in Public Accounts Committee.

Financial Statement in December. That statement confirmed that our revenue forecasts were on target and that spending would be 1.3% below the Budget estimate with a resulting 10% improvement in total budgetary requirements, down $57.7 million to $521.2 million. The current operating deficit was reduced even more significantly by $40.1 million or 13.6% to $254.2 million.

I am pleased to add that based on preliminary information for the third quarter, further improvements in the deficit are expected by year-end, largely as a result of further reductions in expenditure.

And, in response to those who have voiced concern about Manitoba's overall spending level, it should be noted that calculations based on Conference Board of Canada comparisons of provincial budgets show that Manitoba's budgetted spending for 1983/84 is third lowest on a per capita basis among the provinces.

Unfortunately, despite the significant tax increases implemented in the last two years (sales tax, fuel tax, large business income tax, surtax on high incomes, special capital tax on banks, alcohol and tobacco taxes, and the Levy for Health and Post-Secondary Education) Manitoba's total per capita revenue is also the third lowest among the provinces. In fact our per capita revenue falls short of the all-province average by a larger amount than spending. The result is a budgetted per capita deficit for Manitoba which is third highest among the provinces.** Of course, the Conference Board comparisons do not reflect the significant improvements in the Manitoba deficit since the 1983 Manitoba Budget was presented last February.

A significant part of Manitoba's deficit results from the 1981 federal Budget measures which reduced Established Programs Financing for health and post-secondary education and lowered the standard for equalization payments in a manner which affected Manitoba's revenues more severely than that of any other province.

**To put this ranking in perspective, it may be worth remembering that under the former administration, Manitoba's budgetted deficit for 1981-82 was second highest among the provinces, according to Statistics Canada.

Budgetary Policy -- Circumstances and Choices -- 1984/85

As mentioned earlier, now that the recession is over, we believe greater emphasis must be placed on longer term measures to improve the economy, including stringent efforts to reduce the Province's operating deficits from recent recession fighting levels.

Of course, the only way to reduce the operating deficit is to ensure that revenue growth exceeds spending growth.

On the revenue side, our current estimates for 1984/85 indicate that without taxation increases, revenues will grow by about $180 million above last year's Budget estimates. To contain the deficit to the projected level for 1983-84 without tax increases requires expenditure growth to be held to less than 4% over last year's Budget estimates.

While taxation increases could also be of assistance in reducing the deficit, our Government is committed to maintaining Manitoba's taxes at reasonably competitive levels with other jurisdictions. We want to ensure that the tax burdens facing individuals, businesses and investors do not detract from the attractiveness of Manitoba as their place to live, work, consume and invest.

One obvious constraining factor on our ability to maintain competitive tax levels and programming is the support available from the federal government.

Under current equalization arrangements, federal payments are insufficient to raise the fiscal capacities of recipient provinces to the national average. For Manitoba, the shortfall in the current formula based on the so-called five province representative average standard and the same formula based on the all-province average is estimated to be in the order of $220 million annually.

Obviously, this fact reflects on the capacity of the current equalization formula to achieve its constitutional objective, that is, to ensure:

> "that provincial governments have sufficient revenues to provide reasonably comparable levels

of public services at reasonably comparable levels of taxation."

It has important implications for the ability of all six equalization recipient provinces to continue providing adequate public services while holding their tax rates to levels reasonably competitive with the richest provinces. And, it is a major constraint on Manitoba.

In addition, the Province faces the prospect of an absolute drop of some $66 million in its equalization entitlement at the end of 1984/85 when current transitional arrangements are scheduled to expire. However, the extension of the transitional arrangements is under review by the federal government in response to Manitoba requests.

The declining share of health care and post-secondary education costs being provided from the federal Treasury through the Established Programs Financing Arrangements is also a constraining factor. In 1979/80 the federal share of Manitoba's health costs provided through EPF cash and tax transfers was 51.2%. In 1983/84 it will be about 38%. If Ottawa shared equally with us the costs of health programming, the Province would receive more than $100 million in additional payments annually.

Since 1979/80, the Province has also absorbed a decline of nearly 8 percentage points in the federal share of post-secondary education. As well, the federal government is proceeding with plans to limit the growth in its post-secondary transfers under the EPF Arrangements in 1983/84 and 1984/85 with a resulting loss to Manitoba of an estimated $17 million over the two years, and a reduced base for future transfer calculations thereafter.

Certainly we will continue to press Ottawa to remedy these deficiencies in federal support under arrangements that truly reflect cooperative federalism. Unfortunately, however, our budgetary planning cannot be predicated on the hope that federal action will be forthcoming quickly.

Within the constrained revenue forecasts, and bearing in mind the importance of reducing the operating deficit, our Government is now in the midst of a detailed and systematic review of all programming and services. That review is seeking to meet four basic objectives:

- First, to maintain and, where practical, to enhance essential services;

- Secondly, to increase the resources allocated to economic development initiatives, including job creation;

- Thirdly, to secure all possible savings through improvements in the efficiency and effectiveness with which programs and services are delivered; and

- Fourthly, and finally, to identify lower priority programming which could be reduced or eliminated with minimal adverse effects in order to reduce spending to fit the constrained revenue outlook.

The choices will be difficult. Let there be no doubt about that. The composition of provincial spending underscores just how difficult it will be.

Currently, health spending represents 31% of provincial spending. Education represents an additional 19%. Economic development, including the Jobs Fund represents 18%. Income Assistance and Community Services represents 14%. Direct Local Government Assistance and General Services account for 10% and Public Debt Charges account for the remaining 9%.

Looking at Provincial expenditures in another way, our first-rate provincial health system costs $975 for each Manitoban in the current year. Our support to school divisions, colleges and universities and to education in general amounts to $589 for each man, woman and child. That per capita total includes $352 for school divisions, $40 for community colleges and $146 for universities. Our emphasis on creating employment and a strong provincial economy, including the Jobs Fund initiatives, led us to devote $574 per capita to economic development programs. Income Assistance and Community Services required $450 per capita. Direct assistance to local governments and all other general services was provided for a total of $312 per person. Finally, the cost of servicing public debt amounted to $269 per capita.

On the revenue side, in support of these public programs serving the needs of Manitobans, per capita revenues from provincial income taxes was $709. The

retail sales tax brought in $334 per capita. All other provincial taxes, fees and levies raised $646 per person. Federal transfers in total provided an additional $929 per Manitoban.

Our Government is providing necessary and important public services. We are committed to maintaining competitive tax rates. Our decisions are being made to obtain maximum value for the tax dollars raised.

In an environment where the desirability of reducing the recession fighting deficits of the last two years without significant additional tax increases is recognized by government and widely acknowledged in the community, it is clear that close scrutiny of all spending programs is a necessity. There can be no blanket exemptions. The provision of blanket exemptions for major program areas would undercut prospects for improving the efficiency with which such programming is provided and undercut prospects for containing and reducing the deficit.

In turn, failure to contain the deficit would result in increasing portions of our limited resources being used for interest costs. Those have escalated significantly in the last several years from about 2.1% of spending in 1976/77 to 4.7% in 1981/82 to 8.5% in 1983/84. It may be worth noting, in order to put current debt service costs in perspective, that in 1965/66, public debt costs represented 9.2% of expenditures recorded in Public Accounts or close to three times the 3.4% recorded in 1959/60. While there are some accounting differences between those figures and the 8.5% for the current year, the pattern for the 1960's was markedly similar to present circumstances and was accommodated without any long-term negative effects.

In any event, those costs are inescapable in the short term. However, they are controllable over the long term by reducing deficits. Our Government believes it is important that they be reduced because what is spent on public debt financing is not available for programs or services to improve the overall quality of life in our Province and achieve our common economic goals, or to assist in reducing deficits.

As mentioned earlier, I discussed these matters with labour and management representatives of all major recipients of Provincial funding last Fall. Those

consultations included consideration of the fact that resources devoted to many program areas had exceeded inflation by a wide margin in the last two years. Specific examples considered included support increases for school divisions and municipalities which exceeded inflation by more than 50%; support increases for universities, some 75% higher than inflation; and increases in resources devoted to health care with funding increases more than double inflation.

Those consultations confirmed the broadly-based agreement with the kind of systematic approach we are taking, including general spending guidelines and close scrutiny of lower priority programming. Many groups were pleased to be advised of the financial constraints facing the Province on a sufficiently timely basis so that they could proceed with their own budgetary planning.

Finally, and perhaps most importantly, there was a willingness on the part of both labour and management to approach the decisions necessary to live within the guidelines in a spirit of moderation and cooperation.

Scope of Pre-Budget Consultations

During the pre-budget consultations I will be soliciting views on the Province's overall fiscal and economic policies. I intend to raise specific questions in a number of areas:

- **Deficit Reduction** - Is there agreement with the necessity to reduce operating deficits? Should we endeavour to reduce operating deficits quickly or should they be reduced gradually?

- **Federal Contributions** - Is there agreement that while the Province should continue pressing Ottawa for fair equalization payments and equal sharing in health costs, budgetary planning should not assume immediate success?

- **Expenditure Planning** - Is there agreement with the Province's general approach to ensuring that spending plans in total are tailored to fit the limited growth in revenue?

- **Maintenance of Competitive Tax Structure** - Is there agreement that taxes should not be raised

significantly? Are there areas where the Province should consider selective tax increases to improve overall revenues?

- **Maintenance of Services** - Is there agreement that essential services should be maintained? Are there specific instances where these services should be enhanced? Are there lower priority programs or services which government should consider scaling-down or eliminating?

- **Enhancement of Economic Recovery** - Is there agreement that we should continue emphasizing initiatives to enhance the recovery and ensure that Manitobans benefit fairly and equitably? What kinds of additional measures should be considered to improve economic development and job creation? Are there some low-cost tax reductions or exemptions which could be helpful? Bearing in mind the overall fiscal position, how should the costs of new initiatives be financed?

I will, of course, also be interested in hearing any other concerns which participants may wish to raise.

I believe the discussions will help ensure that, within the fiscal realities, budgetary planning in our Province addresses the needs and aspirations of Manitobans effectively and cooperatively. Again, our Province works best when all of us work together.

Continued Cooperation

Continued cooperation and understanding from all Manitobans will be essential in moving towards reduced deficits and in developing our economy. We must all recognize and accept the financial constraints facing government. We must understand that, under current circumstances, additional programs or benefits whether in the form of direct spending or tax reductions or preferences, entail costs which can only be financed by reduced programs or increased taxes on other Manitobans. Moderation and a sense of fair play will be critical to assuring success.

In this context, it is worth noting that within the private sector, many employers will have the capacity

to expand their workforces and pay increased wages in response to increased worker productivity and business profitability during the recovery and beyond. Fair and equitable treatment of employees would in turn contribute greater support to the recovery.

Within the public sector, however, the fiscal parameters facing the Province will remain a constraining factor in limiting what government can realistically afford to pay to its employees. I am referring not just to Manitoba civil servants but to the broader provincial public sector including universities, Crown corporations, school divisions and the entire health care system.

Last year, the Manitoba Government Employees' Association voluntarily reopened an existing agreement to accept less money for themselves in the current year. The Association also agreed to a wage freeze for the first three months of the coming fiscal year followed by a 1.5% increase in the ensuing three months.

The cooperative approach evidenced by the MGEA made it possible to increase the resources committed to the Jobs Fund and to provide a no-layoff clause to our employees for the duration of the extended agreement. In turn, the job-security clause ensured the maximum possible retention of programs and services for Manitobans.

In the coming year, other public service unions will undoubtedly face similar choices in accommodating the fiscal limits facing the Province. While larger pay increases for a smaller work force is one option, our Government favours smaller increases, distributed in the fairest possible way among employees, to maximize retention both of employment and public services.

Conclusion

Our Government faces major challenges in finalizing budgetary plans for 1984/85.

We stretched available resources during the recession to nurture the economy, to preserve and protect jobs and to maintain and enhance essential programming.

During the coming years we will face further challenges.

Overall spending growth must be in line with expected revenue growth to secure deficit reductions and to reverse the marked increases in public debt costs which were evident since 1976.

Protection and enhancement of essential programming and services remains a paramount priority. Resources must be found to invest in our economy, to improve infrastructure and other productive assets and to enhance our ability to create permanent, productive job opportunities for all Manitobans.

Clearly, no government can hope to assure success solely through its own efforts. Cooperation, dedication and commitment from all Manitobans, those in both the public and private sectors, and both business and labour, are more important.

But governments do have a role to play. With vision and commitment, government can provide leadership and help marshall the strong cooperation from all sectors which will be a major factor in improving our economic performance and assuring prosperity, not just for 1984 but for years to come.

The extensive consultations I will be undertaking in the next several weeks will provide a forum for a constructive dialogue not just on the fiscal objectives we have set. They will also provide a valuable opportunity for positive suggestions on how to meet our broader objectives within the fiscal realities.

I am looking forward to those consultations. I am confident that the advice and suggestions I receive will contribute in a major way to the preparation of the kind of Budget Manitoba requires to build on the success of the first two Budgets of this Administration.

ECONOMIC AND FINANCIAL STATISTICS

BACKGROUND FOR PRE-BUDGET CONSULTATIONS

Manitoba Department of Finance

February, 1984

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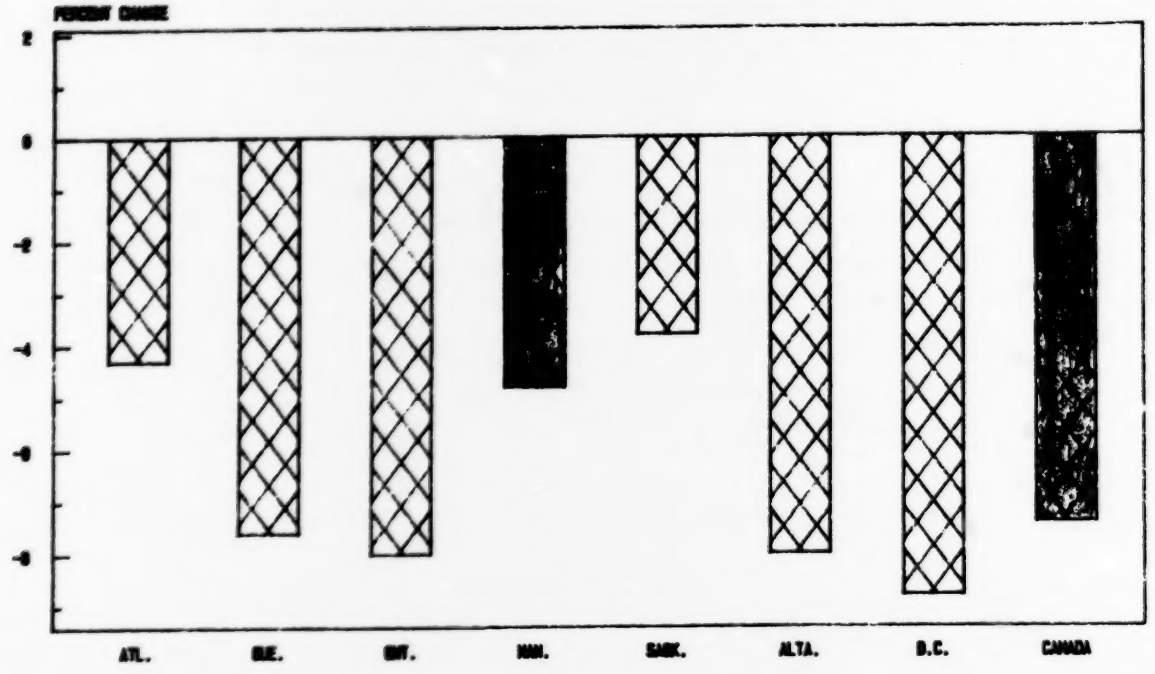
NATIONAL ECONOMIC INDICATORS

	1982	1983 (percentage change)	1984
Real Gross National Expenditure ($1971)	-4.4	3.0	3.3
Consumer Expenditure ($1971)	-2.1	3.0	3.1
Total Investment ($1971)	-11.7	-1.7	-1.2
Residential Investment ($1971)	-23.1	25.4	-4.9
Business Non-Residential Investment ($1971)	-11.2	-8.8	0.1
Corporate Profits before Taxes	-36.1	52.0	18.1
Personal Income	10.0	5.7	7.0
Personal Disposable Income	13.1	4.6	6.2
Labour Income	7.4	5.7	7.1
Average Weekly Earnings	10.0	6.7	4.8
Consumer Price Index	10.8	5.8	4.8
Employment	-3.3	0.8	2.1
Unemployment Rate (%)	11.0	11.9	10.9
Retail Sales	3.5	7.6	8.3
Housing Starts	-29.3	29.2	0.6

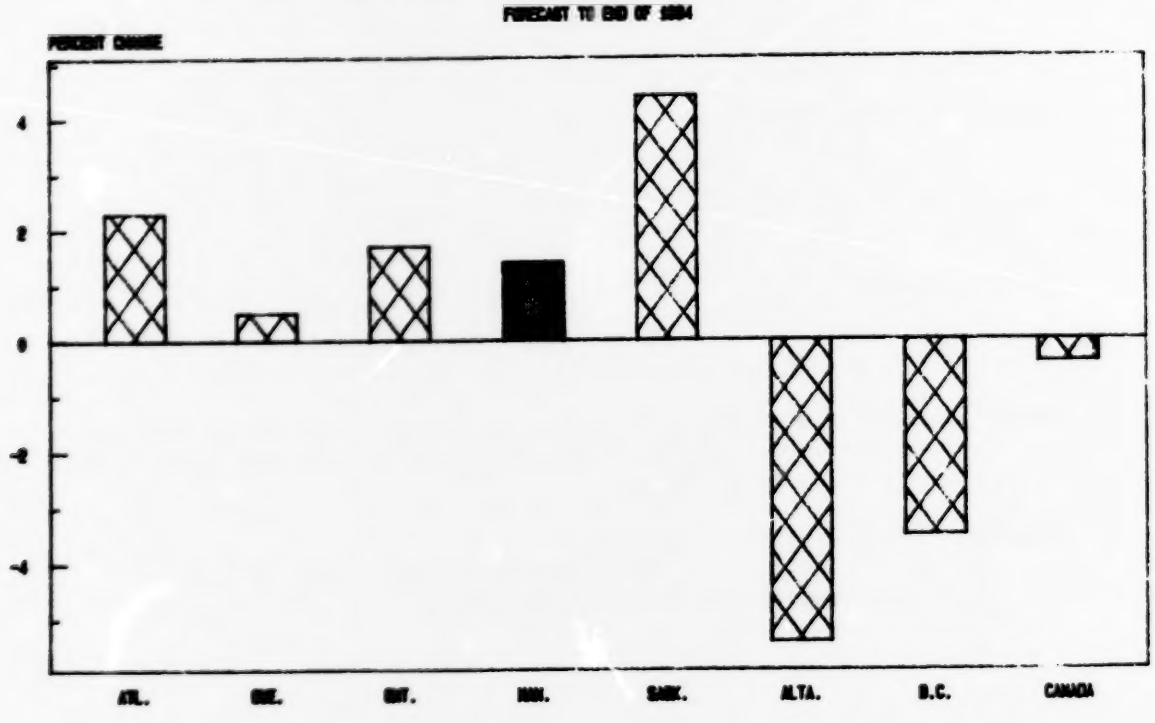
Note: The Conference Board forecast for 1984, shown above, projects somewhat weaker growth for Canada than the current consensus view among major forecasters.

Source: 1982, Statistics Canada.
1983, Statistics Canada and Conference Board of Canada.
1984, Conference Board of Canada.

RECESSION LOSSES IN REAL GDP



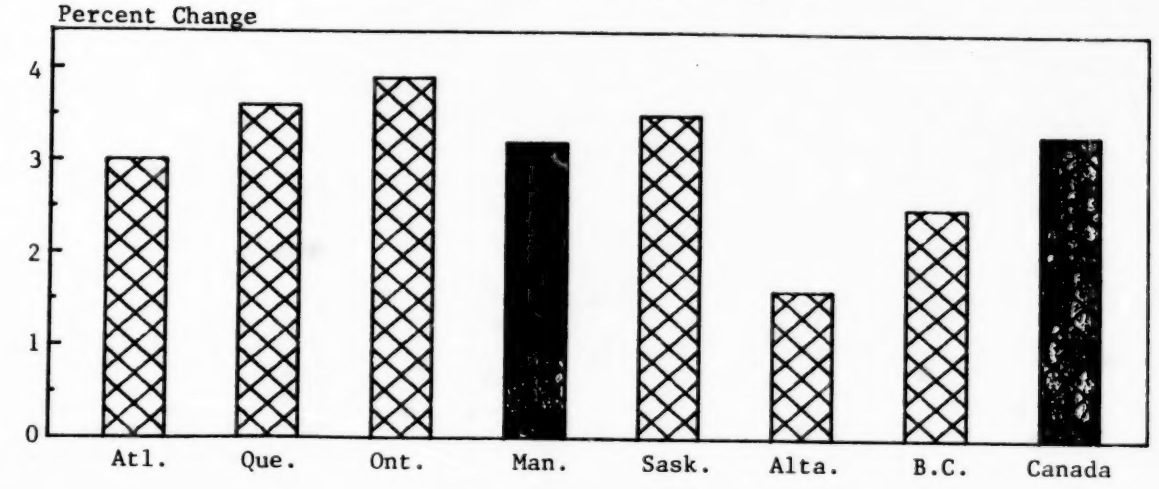
REAL GDP VS PRE-RECESSION LEVELS



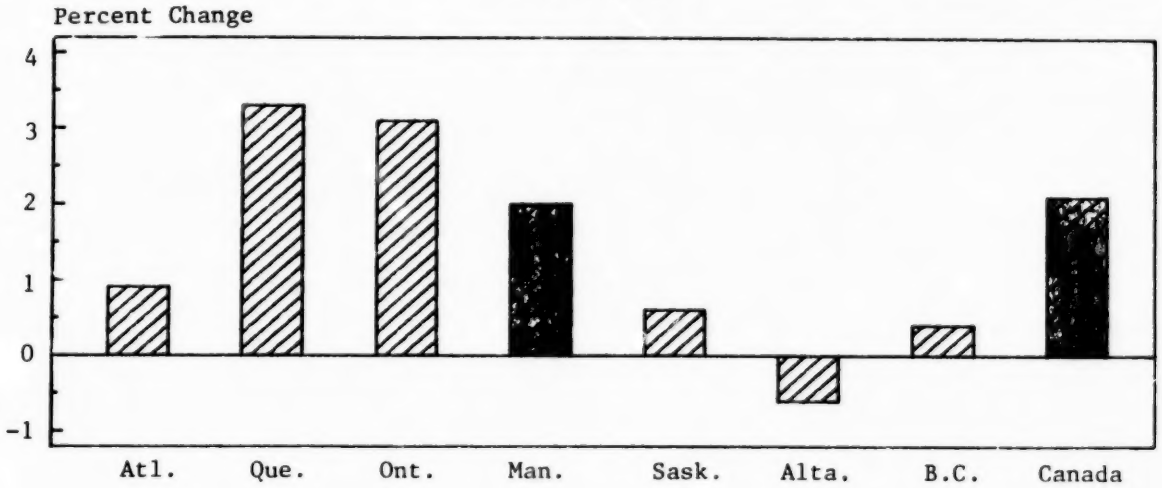
Source: Conference Board of Canada.

PROVINCIAL FORECASTS FOR 1984

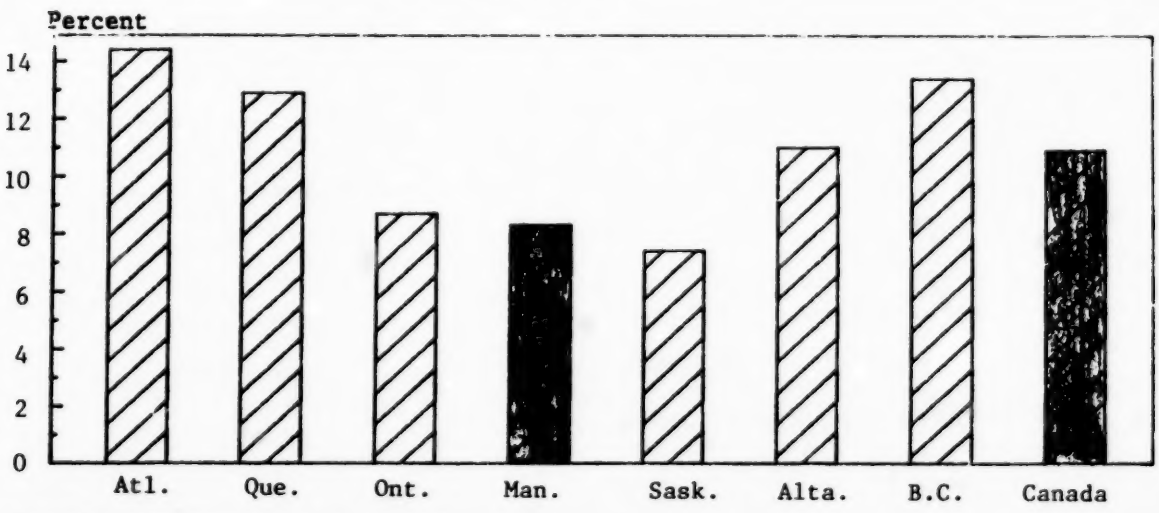
REAL GROSS DOMESTIC PRODUCT



EMPLOYMENT

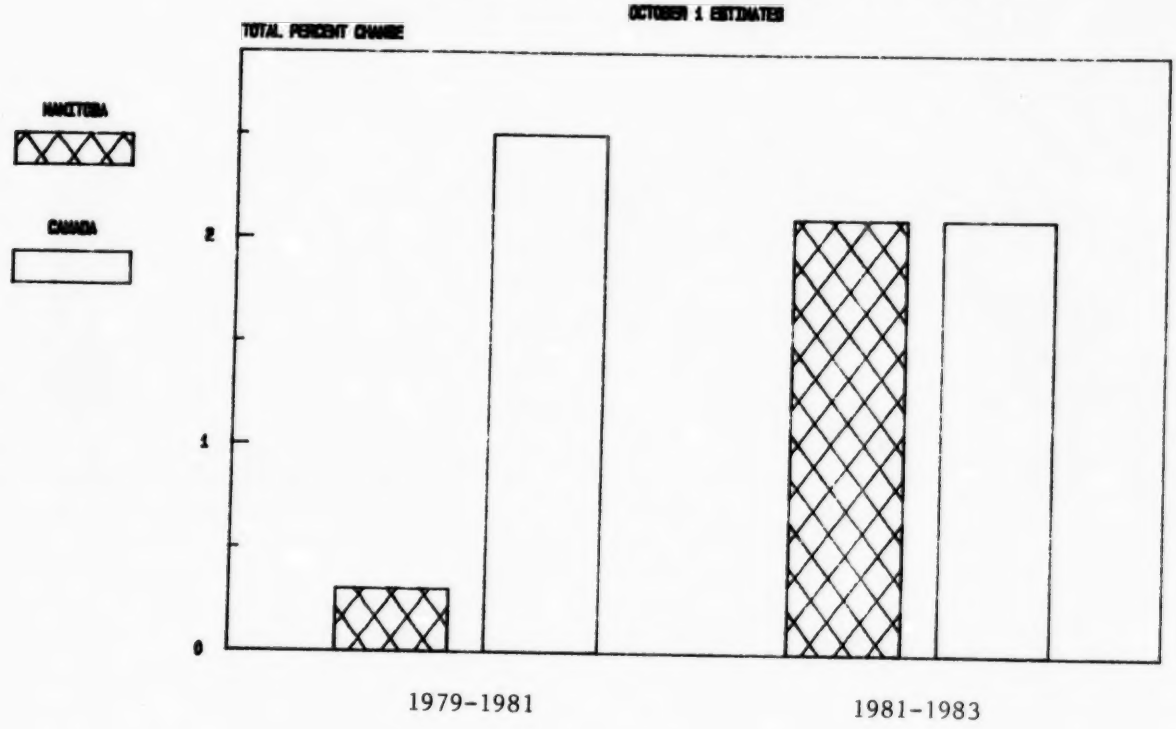


UNEMPLOYMENT RATE

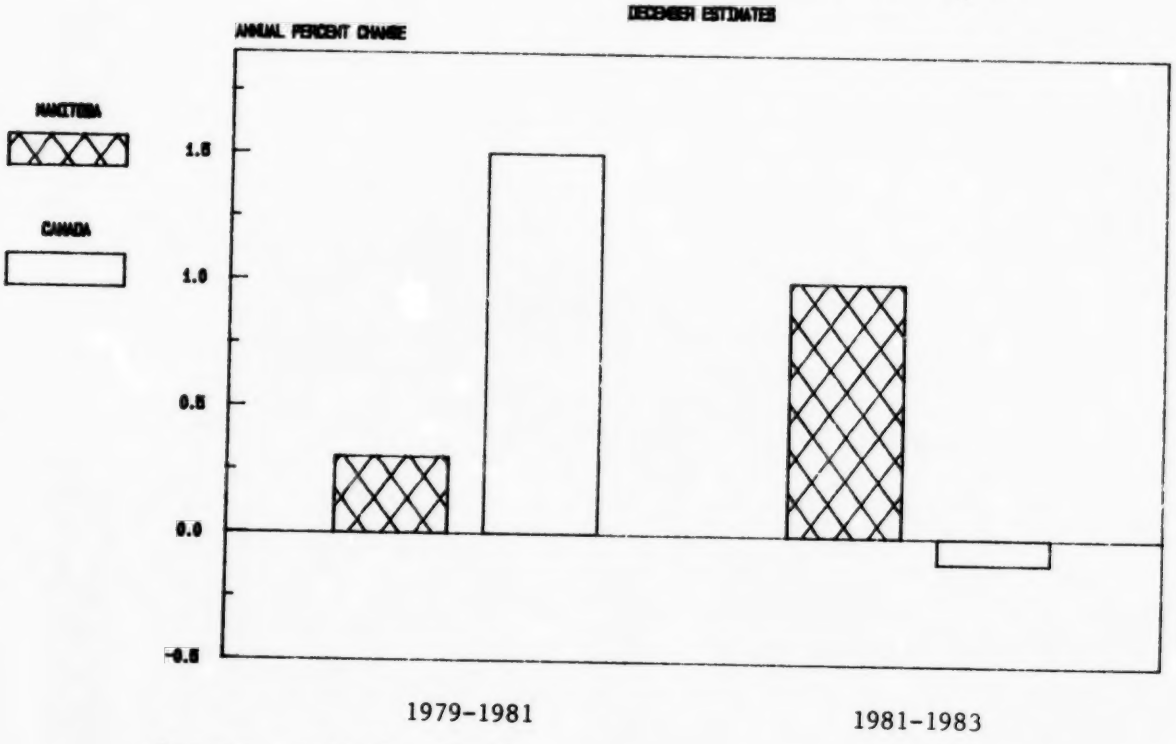


Source: Conference Board of Canada.

POPULATION GROWTH, MANITOBA AND CANADA



EMPLOYMENT GROWTH, MANITOBA AND CANADA



Source: Statistics Canada.

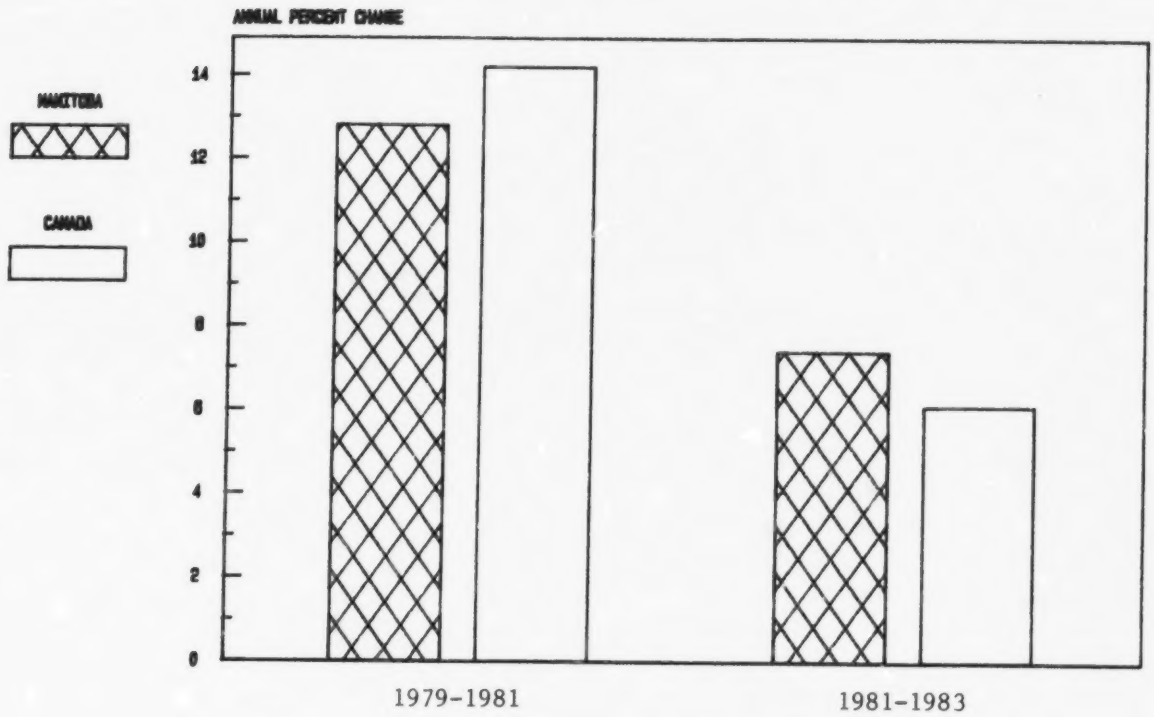
JOB RETENTION-CREATION RECORD
PRE-RECESSION TO JANUARY, 1984

	TOTAL EMPLOYMENT			
	Pre-Recession Peak[1]		January, 1984	
	1981	000's	000's	% Change
Newfoundland	Jan.	186	172	-7.5
P.E.I.	Aug.	48	49	2.1
Nova Scotia	Apr.	330	327	-0.9
New Brunswick	May	256	243	-5.1
Quebec	Aug.	2,768	2,691	-2.8
Ontario	Nov.	4,199	4,164	-0.8
Manitoba	May	463	469	1.3
Saskatchewan	Aug.	432	437	1.2
Alberta	Sep.	1,162	1,110	-4.5
British Columbia	Nov.	1,282	1,197	-6.6
Canada	Jun.	11,048	10,855	-1.8

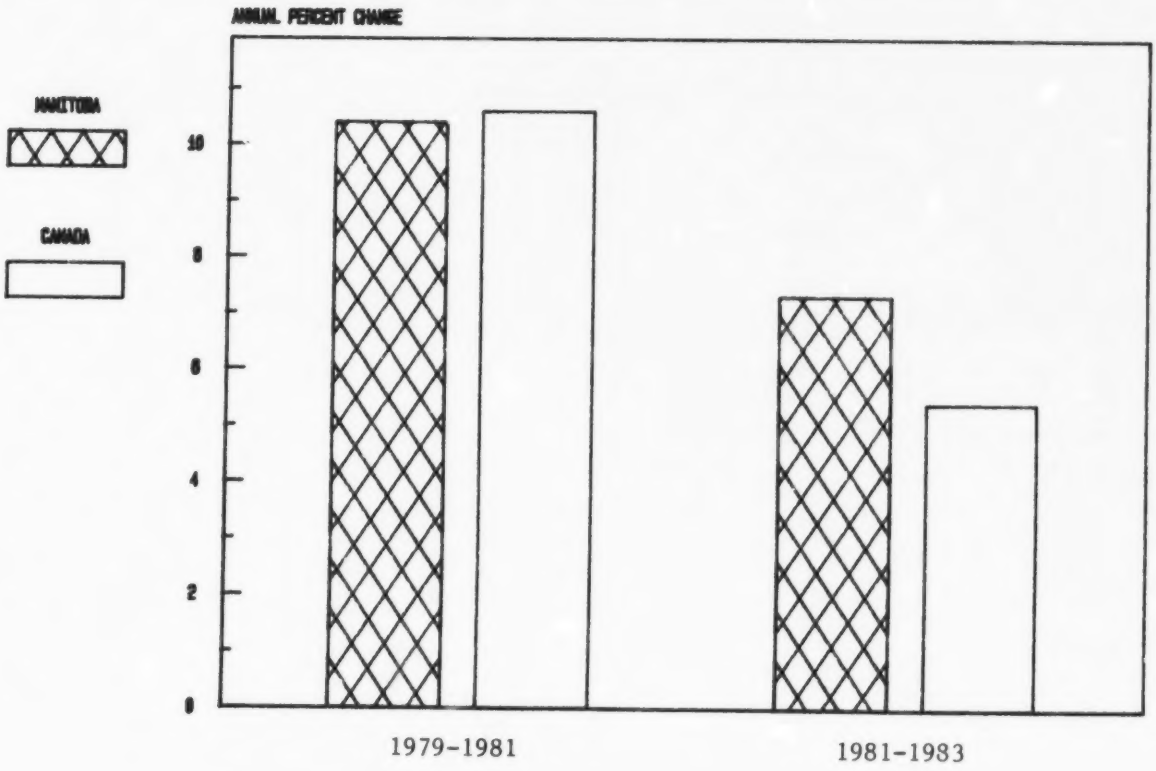
1) Seasonally-adjusted peak month.

Source: Statistics Canada.

WAGES AND SALARIES, MANITOBA AND CANADA

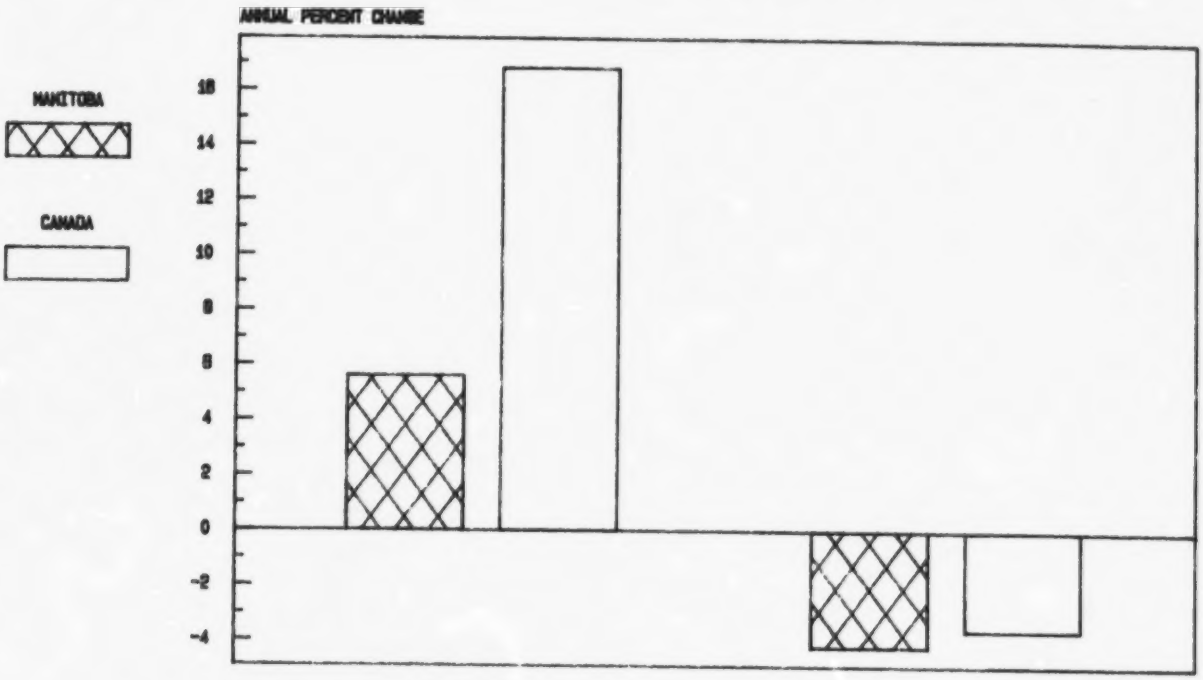


RETAIL SALES, MANITOBA AND CANADA

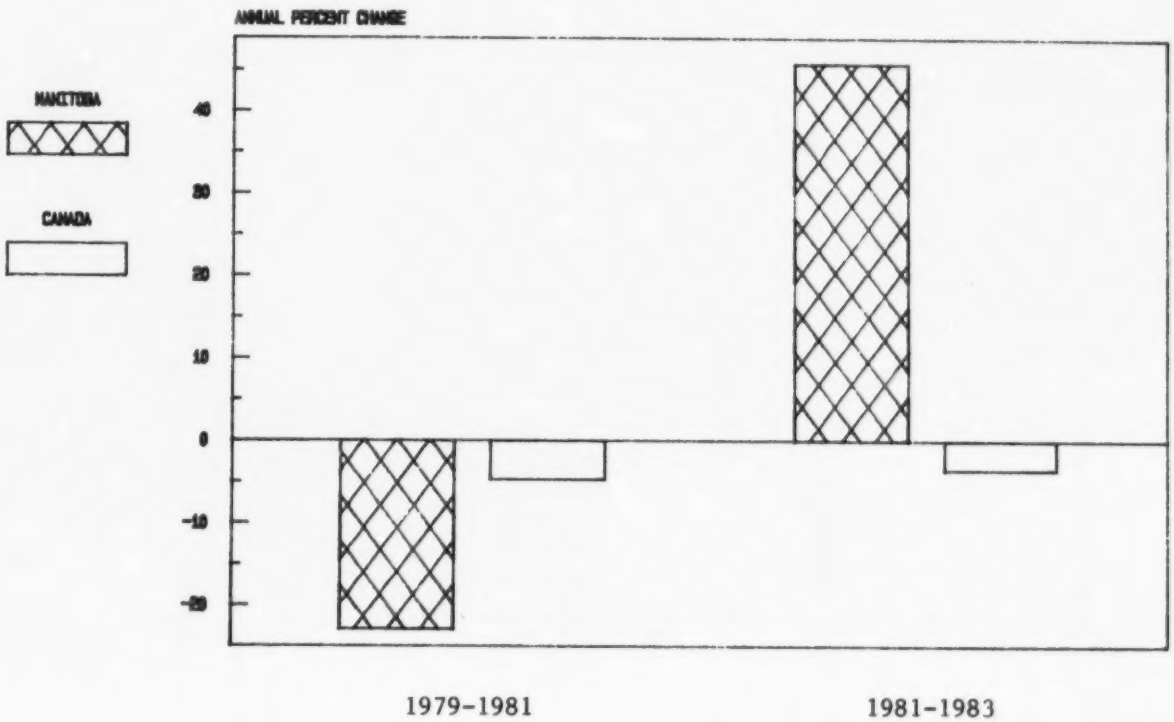


Source: Statistics Canada and Conference Board of Canada.

CAPITAL INVESTMENT, MANITOBA AND CANADA

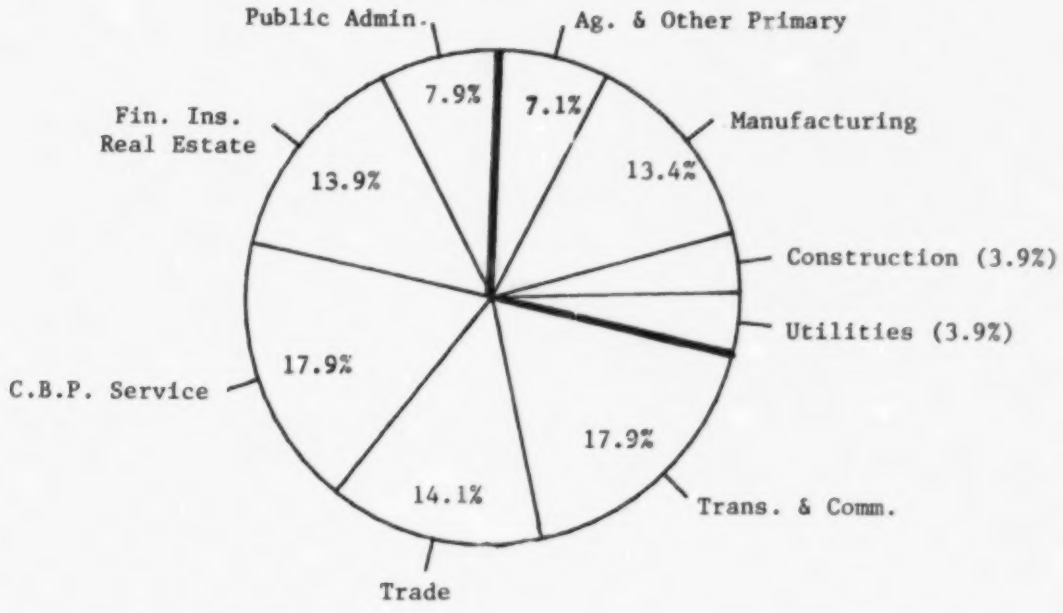


HOUSING STARTS, MANITOBA AND CANADA



Source: Statistics Canada.

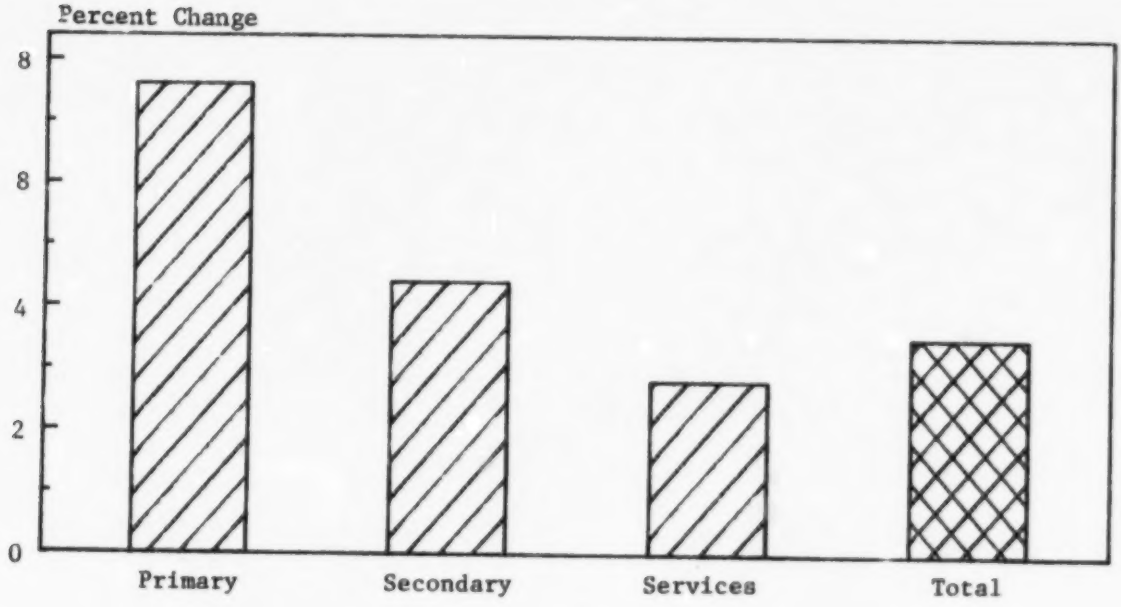
OUTPUT SHARES OF INDUSTRY, 1983



SERVICE SECTOR 71.7%

GOODS SECTOR 28.3%

SOURCES OF GROWTH, 1984



Source: Based on real Gross Domestic Product.
Conference Board of Canada and Manitoba Department of Finance.

ECONOMIC STATISTICS - MANITOBA

	1979r	1980r	1981r	1982r	1983p	Annual Per Cent Change 1979r	1980r	1981r	1982r	1983p
GROSS PROVINCIAL PRODUCT: ($ millions)	10,360.0	11,210.0	13,240.0	13,980.0	15,100.0	10.6	8.2	18.1	5.6	8.0
SECTORAL INDICATORS:										
Agricultural Production ($ millions)	1,580.0	1,667.0	1,991.2	2,015.0	N/A	4.2	5.5	19.4	1.2	N/A
Manufacturing Shipments ($ millions)	3,920.9	4,372.2	4,990.8	4,847.4	4,850.0	19.5	11.5	14.1	-2.9	0.1
Mineral Production ($ millions)	652.7	820.6	657.9	550.3	659.4	39.5	25.7	-19.8	-16.4	19.8
Housing Starts (Units)	5,772.0	2,597.0	2,824.0	2,030.0	5,985.0	-52.4	-55.0	8.7	-28.1	194.8
Retail Trade ($ millions)	2,935.9	3,163.9	3,578.4	3,830.0	4,125.0	9.2	7.8	13.1	7.0	7.7
Gross Tourism Expenditures ($ millions)	450.6	515.7	587.1	584.5	591.3	11.5	14.4	13.8	-0.4	1.2
INCOMES:										
Farm Cash Receipts ($ millions)	1,308.4	1,463.6	1,665.2	1,717.4	1,771.5	15.6	11.9	13.8	3.1	3.2
Total Personal Income ($ millions)	8,450.0	9,240.0	11,285.0	12,407.0	13,010.0	9.0	9.3	22.1	9.9	4.9
Personal Disposable Income ($ millions)	7,260.0	7,876.0	9,595.0	10,541.0	10,970.0	9.1	8.5	21.8	9.9	4.1
Wages and Salaries ($ millions)	5,215.7	5,827.6	6,637.3	7,255.5	7,655.0	11.6	11.7	13.9	9.3	5.5
CAPITAL INVESTMENT:										
Total ($ millions)	2,040.9	2,024.1	2,276.3	1,988.8	2,081.0	1.1	-0.8	12.5	-12.6	4.6
Private Sector ($ millions)	1,463.4	1,447.6	1,638.3	1,316.6	1,351.8	5.6	-1.1	13.2	-19.6	2.7
Public Sector ($ millions)	577.5	576.5	638.0	672.2	729.2	-8.7	-0.2	10.7	5.4	8.5
POPULATION:										
June Estimates (thousands)	1,028.0	1,024.9	1,026.2	1,035.2	1,047.2	-0.4	-0.3	0.1	0.9	1.2
LABOUR MARKET: December (Seasonally-adjusted)										
Labour Force (thousands)	480.0	488.0	492.0	503.0	513.0	1.1	1.7	0.8	2.2	2.0
Employment (thousands)	457.0	464.0	460.0	449.0	469.0	2.2	1.5	-0.9	-2.4	4.5
Participation Rate (%)	64.2	64.9	64.8	65.4	65.9	-	-	-	-	-
Unemployment Rate (%)	4.8	4.9	6.5	10.7	8.6	-	-	-	-	-
CONSUMER PRICE INDEX: Annual Averages										
Winnipeg (1981 = 100)	81.8	90.0	100.0	108.8	116.1	9.1	10.0	11.1	8.8	6.7

r - some data have been revised in accordance with updated Statistics Canada information
p - preliminary estimates

SOURCE: Statistics Canada (CANSIM) and Manitoba Department of Finance.

INTER-PROVINCIAL FISCAL COMPARISONS

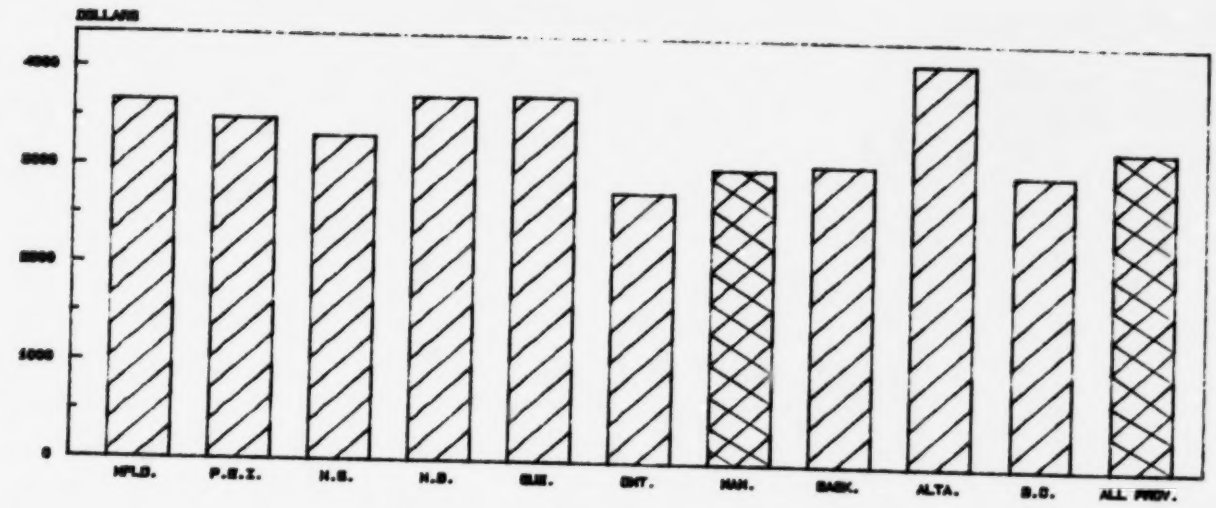
PER CAPITA FINANCIAL STATISTICS
1983-84 BUDGETS

	Expenditure	Revenue	Deficit
		(dollars)	
Newfoundland	3,656	3,303	354
Prince Edward Island	3,477	3,330	147
Nova Scotia	3,306	2,782	524
New Brunswick	3,708	3,153	556
Quebec	3,729	3,240	489
Ontario	2,760	2,374	386
Manitoba	**3,018**	**2,464**	**554**
Saskatchewan	3,070	2,725	345
Alberta	4,130	3,769	360
British Columbia	2,997	2,428	569
All Provinces	**3,265**	**2,820**	**445**

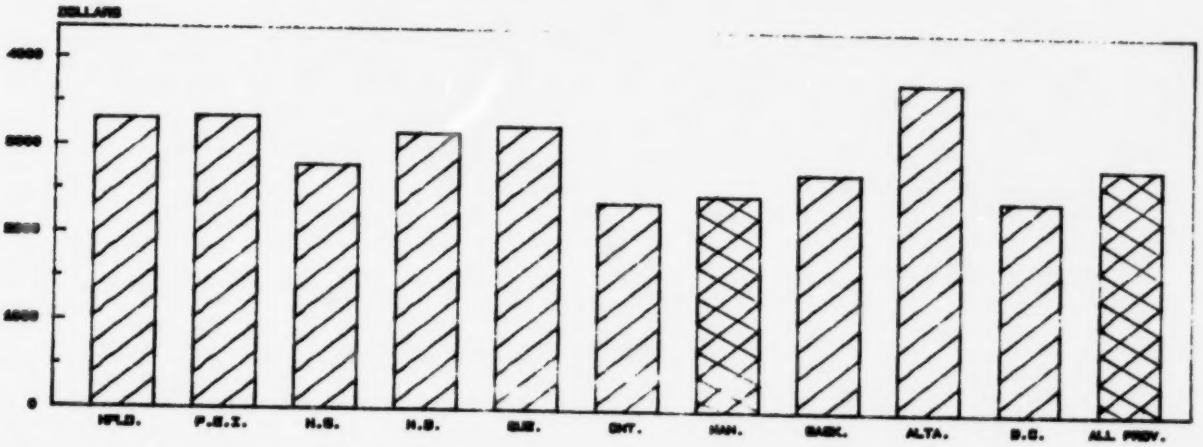
Source: 1983/84 Budgets, Financial Statements and the Conference Board of Canada.

INTER-PROVINCIAL FISCAL COMPARISONS

Per Capita Expenditure
1983/84 Budgets



Per Capita Revenue
1983/84 Budgets

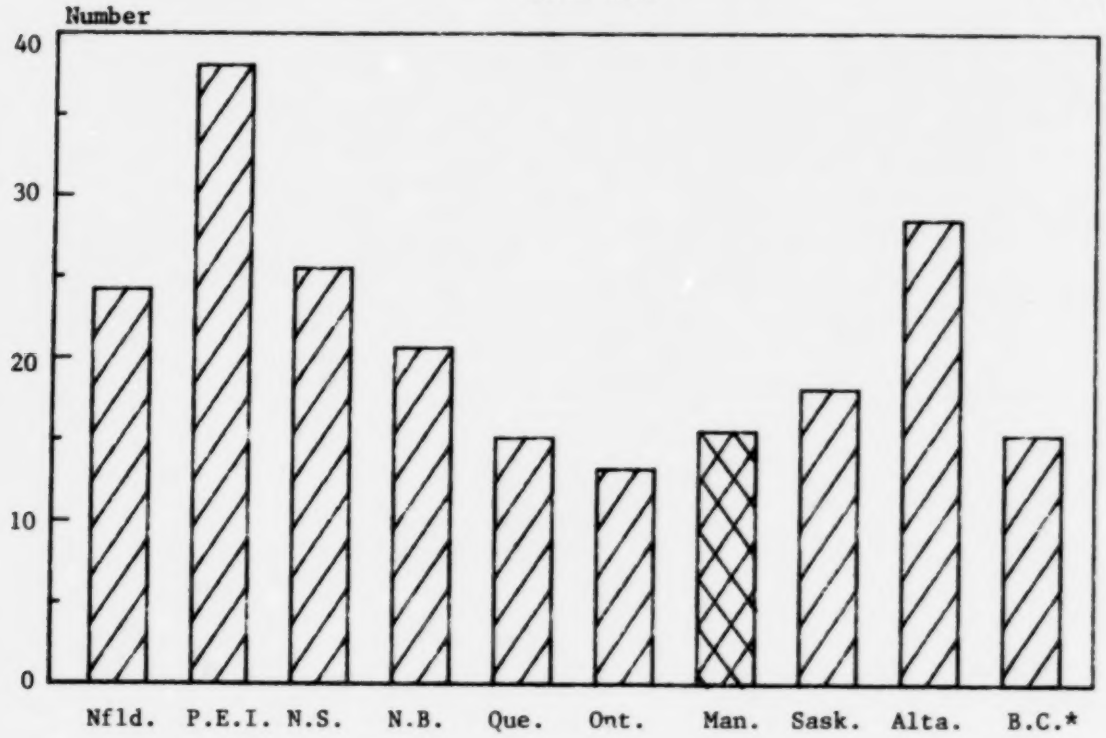


Source: Conference Board of Canada.

12.

CIVIL SERVANTS PER 1000 POPULATION

JUNE 1983



* December 31, 1982

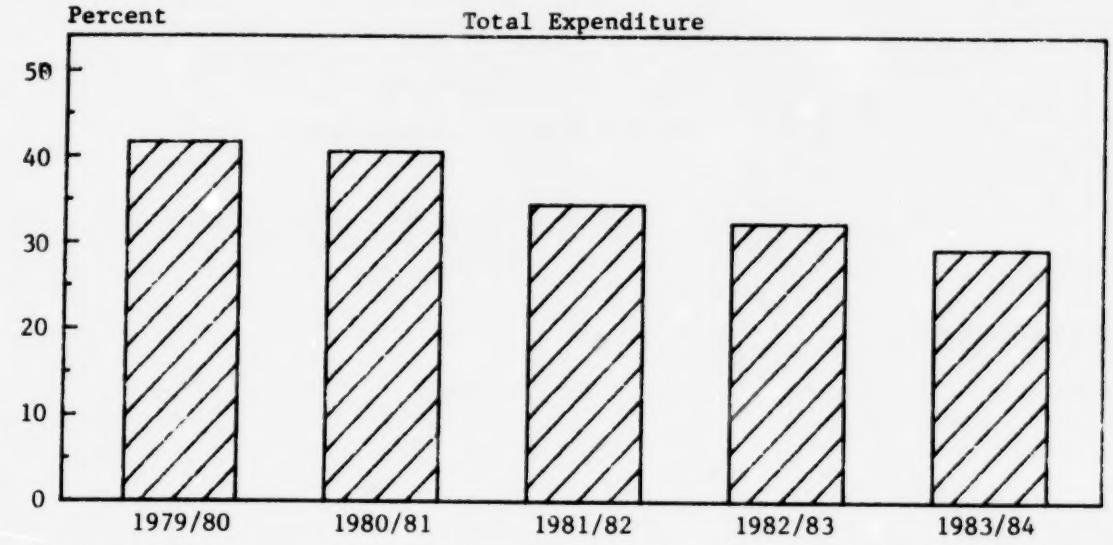
Source: Statistics Canada.

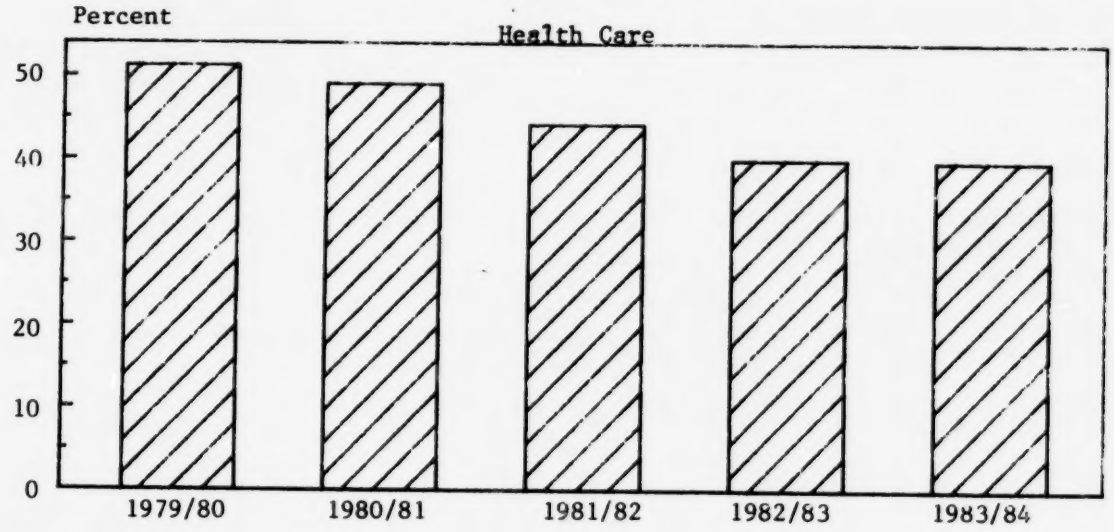
FEDERAL TRANSFERS AS
SHARES OF MANITOBA EXPENDITURE

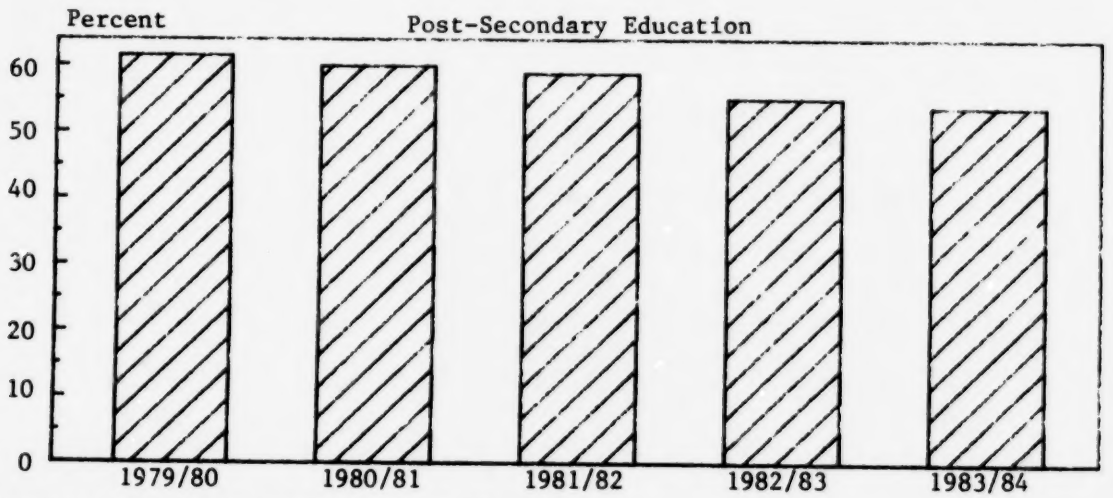
	1979/80	1980/81	1981/82	1982/83	1983/84
			($ millions)		
TOTAL EXPENDITURE					
Provincial Expenditure	1,850.7	2,057.9	2,431.9	2,843.6	3,326.7
Federal Transfers	769.8	834.0	837.5	919.4	975.3
Federal Share (%)	41.6	40.5	34.4	32.3	29.3
HEALTH CARE					
Provincial Expenditure	546.2	629.5	776.2	911.7	1,013.4
Federal Transfers	279.9	308.6	342.8	364.2	402.2
Federal Share (%)	51.2	49.0	44.2	39.9	39.7
POST-SECONDARY EDUCATION					
Provincial Expenditure	195.9	221.8	251.1	283.7	311.3
Federal Transfers	120.5	132.9	147.7	155.9	167.1
Federal Share (%)	61.5	59.9	58.8	55.0	53.7

Source: Manitoba Department of Finance.

FEDERAL TRANSFERS AS SHARES OF MANITOBA EXPENDITURE







Source: Manitoba Department of Finance.

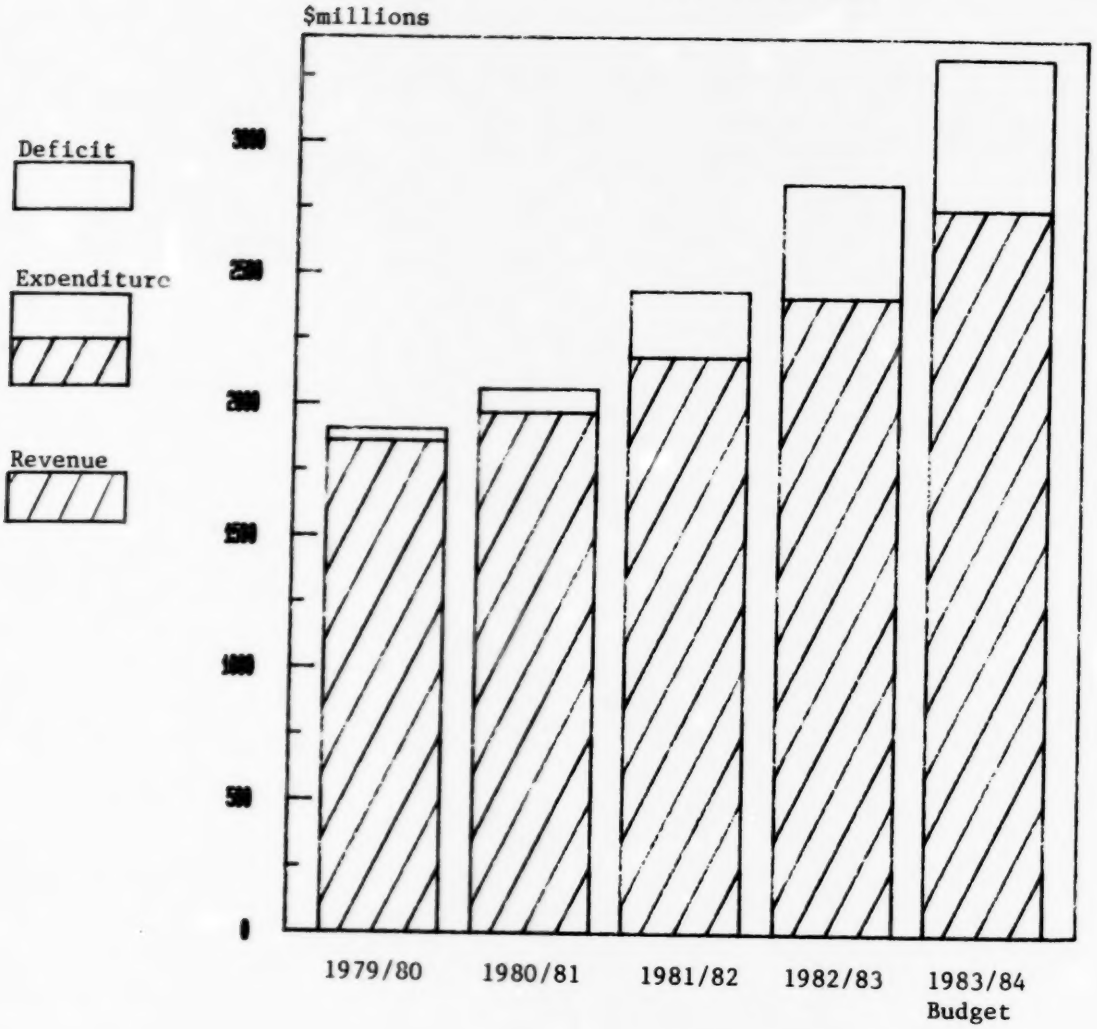
PROVINCIAL REVENUE, EXPENDITURE AND DEFICIT
1979/80 - 1983/84

	1979/80	1980/81	1981/82	1982/83	1983/84 Budget	1983/84 Projected
			$ Millions			
Revenue	1,806.0	1,968.4	2,180.8	2,409.0	2,747.8	2,760.8
Expenditure	1,850.7	2,057.9	2,431.9	2,843.6	3,326.7	3,282.0
Deficit	44.7	89.5	251.1	434.6	578.9	521.2
			% Increase (Decrease)			
Revenue	16.5	9.0	10.8	10.5	14.1	14.6
Expenditure	13.2	11.2	18.2	16.9	17.0	15.4
Deficit	(47.0)	100.2	180.6	73.1	33.2	19.9

Source: Manitoba Department of Finance.

PROVINCIAL REVENUE, EXPENDITURE & DEFICIT

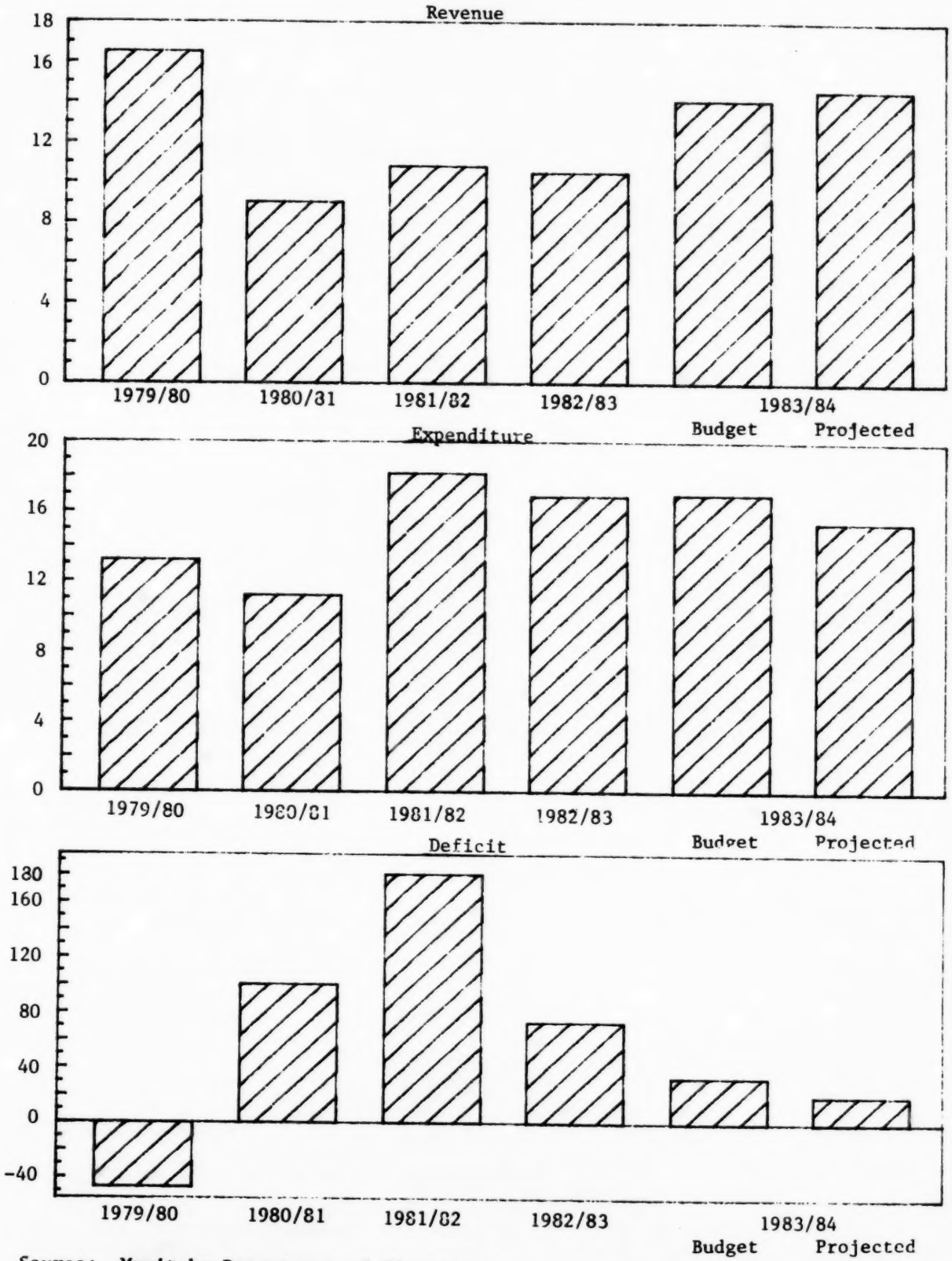
1979/80-1983/84



Source: Manitoba Department of Finance.

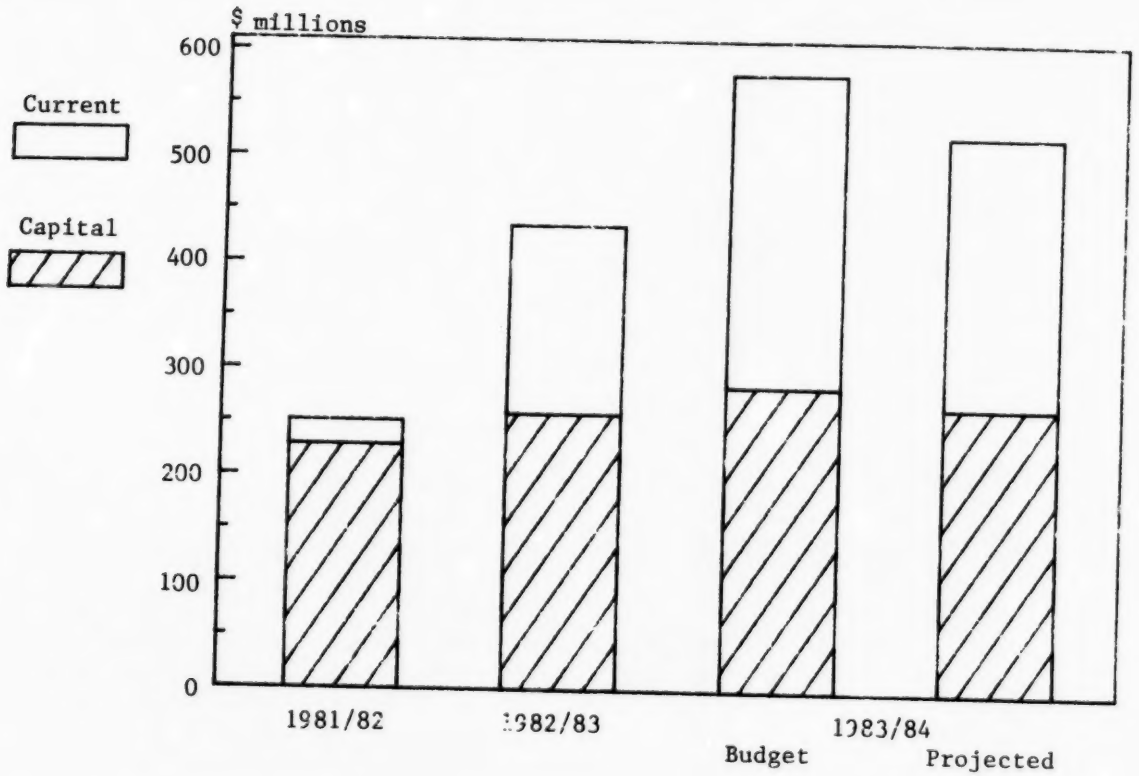
CHANGE IN MANITOBA REVENUE, EXPENDITURE AND DEFICIT

(Percent Change)



Source: Manitoba Department of Finance.

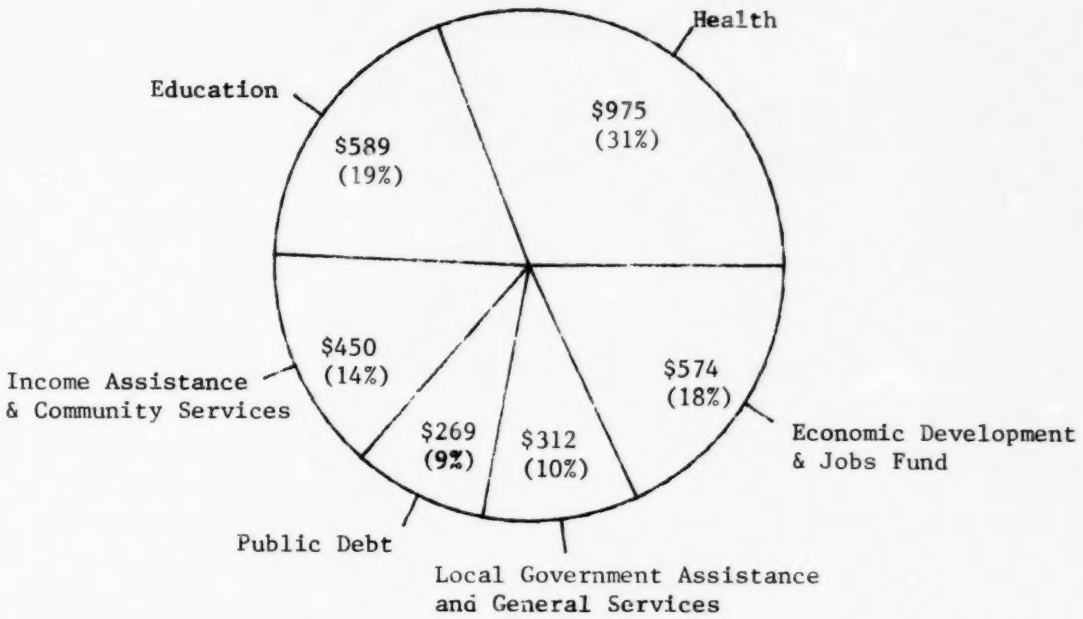
CAPITAL AND CURRENT DEFICITS



Source: Manitoba Department of Finance.

PROVINCIAL EXPENDITURE-MAJOR CATEGORIES

Dollars/Capita 1983-84
(% of Total)



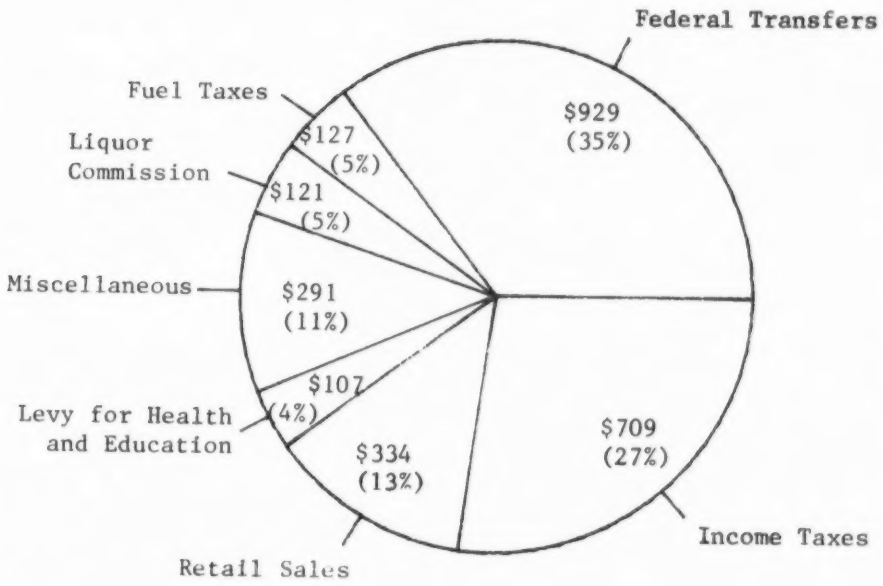
1983/84 ESTIMATES	($ Millions)	(%)	($/Capita)
Health and Education			
Health	1,023.1	31	975
Education	618.6	19	589
	1,641.7	**49**	**1,564**
Other Programs			
Income Assistance and Community Services	472.7	14	450
Economic Development, including the Jobs Fund	602.5	18	574
Direct Local Government Assistance and General Services	327.8	10	312
Public Debt	282.0	9	269
	1,685.0	**51**	**1,605**
TOTAL EXPENDITURE	**3,326.7**	**100**	**3,169**

Totals may not add due to rounding.

Source: Manitoba Department of Finance.

PROVINCIAL REVENUE-MAJOR SOURCES

Dollars/Capita 1983-84
(% of Total)



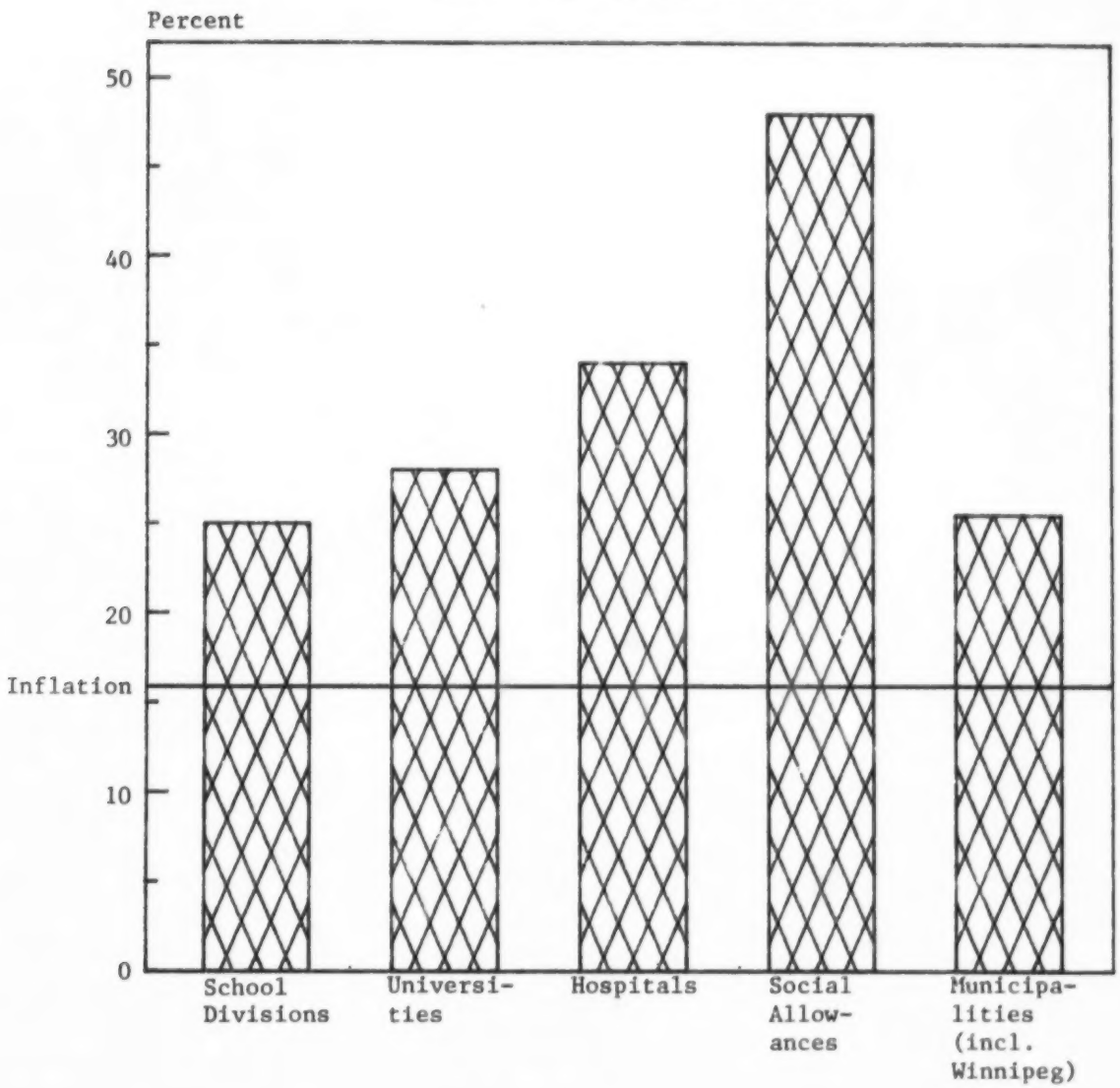
1983/84 ESTIMATES	($ Millions)	(%)	($/Capita)
Own Source Revenue			
Income Taxes	743.7	27	709
Retail Sales Tax	351.0	13	334
Fuel Taxes	133.7	5	127
Liquor Commission	127.0	5	121
Levy for Health and Education	112.0	4	107
Miscellaneous	305.1	11	291
	1,772.5	65	1,689
Federal Transfers	975.3	35	929
TOTAL REVENUE	2,747.8	100	2,618

Totals may not add due to rounding.

Source: Manitoba Department of Finance.

FUNDING INCREASES FOR MAJOR PROGRAMS

Growth from 1981/82 to 1983/84



Source: Manitoba Department of Finance.

INTER-PROVINCIAL COMPARISON OF MAJOR LEVIES

	RATES										MANITOBA'S RANKING (1=HIGHEST)
	NFLD.	P.E.I.	N.S.	N.B.	QUE.	ONT.	MAN.	SASK.	ALTA.	B.C.	
Personal Income Tax (% of Basic Federal Tax)	60.0	52.5	56.5	58.0	*	50.4	54.0(a)	51.0(a)	43.5	44.0(a)	(5)
Corporation Capital Tax											
° Rate (%)	-	-	-	-	0.45	0.3	0.2	0.3	-	0.2	
° Exemption	-	-	-	-	nil	nil	$1M	$10M	-	$1M	(4)
Corporation Income Tax (% of Taxable Income)											
° Large	16.0	10.0	15.0	14.0	5.5	15.0	16.0	14.0	11.0	16.0	(1-3)
° Small	12.0	10.0	10.0	9.0	3.0	10.0(b)	10.0	10.0	5.0	8.0	(2-6)
Sales Tax (%)	12.0	10.0	10.0	10.0	9.0	7.0	6.0	5.0	-	7.0	(8)
Gasoline (¢/l.)	9.8	9.8	8.8	8.2	11.85	7.9	7.5	-	-	7.63	(8)
Diesel Fuel (¢/l.)	11.4	12.4	8.7	9.4	10.8	9.3	8.6	-	-	6.92	(7)
Tobacco Tax (¢/cig.)	4.78	1.90	1.40	2.84	2.26	2.60	2.10	2.08	1.48	2.00	(5)
Medicare Premiums											
° Single ($/a)	-	-	-	-	-	340.20	-	-	168	180	(4-10)
° Family ($/a)	-	-	-	-	-	680.40	-	-	336	384	(4-10)
Employer Health/Education Levies (% of compensation paid)											
° $15,000	-	-	-	-	3.0	4.54(c)	1.5	-	2.24(c)	2.56(c)	(5)
° $20,000	-	-	-	-	3.0	3.40(c)	1.5	-	1.68(c)	1.92(c)	(5)

* The Quebec personal income tax, which is levied directly against taxable income, is generally acknowledged as the highest in Canada.

(a) These provinces impose surtaxes on higher income taxpayers.

(b) Ontario has eliminated the corporation income tax on small corporations for two years.

(c) These provinces do not have employer levies per se. However, employers generally pay health/medicare premiums on behalf of employees. The rates shown reflect the family premium rates currently in effect.

Source: Manitoba Department of Finance.